

**Report to the Cabinet Member for Adult and Community Services**  
**Report submitted by: Director of Programmes and Project Management**  
**Date: 12 October 2015**

**Part I**

Electoral Divisions affected:  
All

## **Development of Commissioning and Procurement Arrangements for the Mental Health Care and Support Market**

(Appendix 'A' refers)

Contact for further information:

Julie Dockerty, (01772) 536146, Programmes and Project Management  
[Julie.Dockerty@Lancashire.Gov.uk](mailto:Julie.Dockerty@Lancashire.Gov.uk)

Jon Blackburn, (01772) 532417, Programmes and Project Management  
[Jon.Blackburn@Lancashire.Gov.uk](mailto:Jon.Blackburn@Lancashire.Gov.uk)

### **Executive Summary**

In November 2014, the Cabinet Member for Adult and Community Services approved a series of recommendations for the reshaping of Adult Mental Health Services. This report sets out the proposals to develop a specialist framework for Care and Support services for people with mental health needs. Care and support is currently delivered to people in their own home or in shared accommodation settings. The market also supports people to receive rehabilitation support to improve their mental health.

Mental Health services for working age adults in Lancashire are delivered through various arrangements, many of which involve partnerships with NHS bodies both at a service level and certainly at a whole system level.

At present packages are individually purchased leading to a wide variation in the costs, quality and outcomes for individuals. The framework will introduce a new specification with clearly defined outcomes, quality requirements and will seek to incentivise providers to promote rehabilitation with a new fee structure which will manage costs.

This is deemed to be a Key Decision and the provisions of Standing Order No 25 have been complied with.

## **Recommendation**

The Cabinet Member for Adult and Community Services is recommended to:

- (i) Endorse the proposals for a programme of work to establish new procurement arrangements including a new provider framework for implementation by September 2016;
- (ii) Approve the work to design the contracts to enable new approaches and innovations in service delivery and payment mechanisms; and
- (iii) Approve the development of collaborative approaches with other commissioners to shape and manage the provider market.

## **Background and Advice**

Lancashire County Council is seeking to commission a specialist framework for Care and Support services for people with mental health needs that is focussed on rehabilitation and improved outcomes. Care and Support for adults with mental health needs is currently delivered to people in their own homes and supported accommodation settings. The support is intended to enable individuals to manage or recover their mental health.

At present there are over 97 services registered to provide specific Mental Health support in Lancashire. With 48 providers operating across East, North and 78 in Central Lancashire with 6,500 hours of support per week, the total forecast net cost for 2015/16 is £6.8m. It is very difficult for the council and people with mental health needs to differentiate providers or identify those with specific expertise to respond to identified needs.

As at September 2015 there were 696 people (includes 166 people over 65), being supported of these:

- 307 people are in receipt of commissioned (managed) home care
- 97 receiving supported accommodation services
- 292 people with a budget managed by the provider or direct payments.

A number of people within all the above categories receive rehabilitation support as part of their package and it is difficult to clearly identify the numbers of people in receipt of active rehabilitation other than an assumption that the higher overall cost of the support is indicative the person is in receipt of rehabilitation services. The intention by the local mental health integrated teams is to commission packages that will optimise people's ability to recover, however there is little or no evidence to support the effectiveness of rehabilitation services and this will be addressed in the new arrangements.

There are no uniform hourly rates for mental health home care services which has resulted in inconsistent hourly rates, historically ranging from £12.17 an hour up to

£17.96 an hour for broadly similar levels of support, with a wide disparity in price due to not having a framework of providers in place with a pricing structure.

At present care/support packages are individually purchased by social work staff leading to a wide variation in the costs, quality and outcomes for individuals. The framework will introduce a new specification with clearly defined outcomes, quality requirements and will seek to incentivise providers to promote rehabilitation with a new fee structure which will manage costs.

There is a need for change across the whole system of provision. The Council's current savings programme highlights the need to review and rationalise fees under a framework, and the intention is to mirror the process used to develop a framework for home care for older people. The framework is intended to establish performance measures, improve quality and encourage growth in this market to establish alternative supports which are intended to reduce reliance on placements in residential care services.

Mental health service provision in Lancashire operates as a number of individual, separate services within a disjointed and unconnected system. This lack of a whole system approach results in inconsistency, weaknesses in matching individuals to services and no clear flow/pathway that enables people to move on towards independence. We are currently working with Health colleagues on a pilot aimed at improving rehabilitation services and reviewing packages in a structured and co-ordinated way. It is too early to give any results as yet, but it is intended that further detail will be given in future reports.

The intended emphasis for Mental Health services in Lancashire will be on recovery and rehabilitation within the community and away from settings such as hospitals and residential care. There will be a growing emphasis on prevention and early intervention.

Ensuring that services are fit for purpose and provide quality and value for money will require new specifications which will establish a number of requirements to provide a sustainable framework for delivery.

### **Development of the Framework**

To date, there has not been a detailed commissioning framework for Adult Mental Health services which sets out requirements in relation to contracting and market management, workforce and quality and the required service/individual outcomes. The new framework specifically seeks to achieve the following:

- Drive the quality of support that goes beyond minimum standards
- The new framework will be linked to a care pathway
- Set out clear outcomes for service provision and individuals
- Effective rehabilitation services with periodic review mechanisms built in that will ensure that as rehabilitation takes effect and the service user's needs reduce, so does the support provided and the sums we are paying.
- Individuals become less dependent on formal supports recognising how to manage their wellbeing and prevent relapse

The existing Mental Health Domiciliary contract is not 'fit for purpose' for a new framework. A number of proposals will be developed and consulted on with providers with the intention to incorporate a number of these elements:

- Creating a simple, clear and affordable fee structure based on levels of assessed individual need and dependency
- Incentivising rehabilitation services and rewarding the quality of care
- Developing a consistent approach to managing capacity and demand in all geographical areas

There are opportunities to explore ways in which we can work alongside and negotiate joint approaches to market shaping and management responsibilities with other commissioning organisations to reflect our commitment to driving up quality, standardising monitoring and improving outcomes for individuals. There is a specific need to manage a reduction in the numbers of people requiring residential and nursing care as there is evidence to support that people become overly dependent on 24hr supports and are unable to return to their own home. It is essential that these hurdles are addressed and overcome as part of the tendering process.

The framework will be developed to ensure a consistent approach in all geographical areas. All activity including reviews, service development and consultation will be delivered so as to achieve as equitable an approach as possible to the population of the county whilst recognising the specific needs of locations and communities. If the proposed changes results in a reduction of providers, this will mean that some service users will need to change providers to the new providers on the framework, unless they choose to receive a direct payment. It is recognised that continuity of care is very important to people receiving home care services and any changes to their current arrangements may affect this and cause anxiety. However, these changes are seen as necessary to improve the services offered and provide a better quality service. Communication to service users will therefore be key to them knowing of the changes and providing the necessary reassurances of a smooth transition.

### **Next steps**

A project team has been established with an agreed programme of work who will undertake the necessary work to devise and consult upon a new framework scheme.

It is anticipated a further report will be submitted by the end of the year seeking approval for a procurement process to be undertaken over the subsequent 6 months.

### **Consultations**

Discussions have been initiated with service providers and key stakeholders, further consultations will be planned as the framework options are developed, particularly with people who use the services and their families.

Proposals will be developed using best practice from the Older People and Physical Disabilities framework, due to be introduced at the end of this year.

## **Implications:**

This item has the following implications, as indicated:

### **Risk management**

A project team has been established to undertake this work within the necessary timescales. This is important to ensure the new framework is in place and contributes to the County Council's agreed transformation and reshaping of Mental Health services.

There is a potential opportunity to work closely with health colleagues and jointly develop the framework and their initial response has been very positive. However, should they choose not to participate then this would not prevent the development of the framework or achievement of the objectives. However, it is felt that this would not lead to any change in direction. It is possible to achieve most of the objectives of a new framework without the involvement of Health.

### **Financial**

This procurement involves the re-commissioning of around £6.8m of Council funded Home Care, supported accommodation services and Direct Payments for those with mental health needs.

The service area is forecast to overspend by £1.1m in 2015/16. The re-commissioning activity is required to deliver a framework that will contain costs within the approved budget throughout the duration of the agreement.

Additionally, the procurement includes £0.6m of services funded by clients and £0.5m of services funded by Clinical Commissioning Groups.

The development of the new framework arrangement will need to consider the following factors:

- The overall affordability of the scheme
- The current cost of care and support
- Benchmark rates e.g. other local authorities

### **Commissioning/Procurement**

The procurement process will potentially pose risks to Lancashire County Council derived from the scale of the change across the adult social care market, which will impact on financial payments, quality measurements and contract monitoring. There is a risk that suppliers in the market place will resist the changes or challenge the new processes.

To mitigate the risks to the procurement process the project team have liaised with other project teams of a similar nature, and used lessons learnt to inform decisions. The project team are also using research, information gathering and consultation with the market place to ensure transparency and openness in the initial planning

stages, to reduce the risk of challenge at procurement stage, and make the transition process as effective as possible.

## Legal

The Care Act came into force in April 2015 and section 5 of the Act creates a general duty on local authorities to promote diversity and quality in the market of care and support provider. This core duty places new responsibilities on local authorities to facilitate and shape the market to deliver a wide range of sustainable high quality care and support services. The framework will enable the County Council to meet its responsibilities in regards to mental health services.

The current domiciliary care contracts do not include any specific outcomes quality indicators or details of costs. Any replacement arrangements established will need to fully comply with EU and UK procurement law.

## Equality and Cohesion

An Equality Analysis was completed in November 2014 to support a previous report Reshaping Mental Health Services: A Case for Change. This has been refreshed and is attached at Appendix 'A'. The report will be updated to consider the implications of any future recommendations for commissioning and procuring a specialist framework for Care and Support, Domiciliary and supported accommodation services for people with mental health needs. This will therefore take fully into account the duties imposed by section 149 of the Equality Act 2010.

## List of Background Papers

Paper	Date	Contact/Tel
Reshaping Mental Health Services: A Case for Change <a href="http://council.lancashire.gov.uk/mglIssueHistoryHome.aspx?Id=31284">http://council.lancashire.gov.uk/mglIssueHistoryHome.aspx?Id=31284</a>	May 2014	Mike Banks, Adult Services Health and Wellbeing Directorate
<u>Reshaping Mental Health Services in Lancashire</u>	Nov 2014	Steve Gross Executive Director Adult Services, Health and Wellbeing

Reason for inclusion in Part II, if appropriate

N/A